

Message Text

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LIMDIS

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TAGS: PGOV, EGEN, MARR, JA, US

SUBJECT: WEEKLY STATUS REPORT - JAPAN, JUNE 22, 1978

TO: EA - MR. HOLBROOKE

FROM: EA/J - NICHOLAS PLATT

1. KANEMARU -- COST SHARING (CONFIDENTIAL)

KANEMARU TOLD SECRETARY BROWN THAT THE SCHEDULED RIF IN OKINAWA WILL MAKE THE GOJ'S TASK OF PUTTING TOGETHER A SUIT-ABLE COST-SHARING PACKAGE MORE DIFFICULT. SPECIFICALLY, HE MENTIONED THAT IT WOULD COMPLICATE THE JOB OF GETTING JSP SUPPORT. SECRETARY BROWN RESPONDED THAT WE WOULD DO OUR BEST TO MINIMIZE THE SIZE OF THE RIF (650 IS OUR LOWEST
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CURRENT ESTIMATE) AND COULD DELAY ANNOUNCEMENT TO MID-JULY TO GIVE KANEMARU SOME BREATHING SPACE AFTER HIS RETURN. KANEMARU ALSO TOLD WARREN CHRISTOPHER THAT JAPAN'S BASE COST CONTRIBUTION SHOULD BE INCREASED, BUT NOT UNDER PRESSURE FROM THE U.S. HE SAID HE HOPED TO DISCUSS DETAILS OF A GOJ PACKAGE WHEN SECRETARY BROWN VISITS JAPAN THIS FALL.

2. STRAUSS-HAFERKAMP - USHIBA (CONFIDENTIAL)

BOB STRAUSS SAID THE JUNE 19-20 MEETINGS WERE SUCCESSFUL. THE THREE OUTLINED AREAS OF GENERAL AGREEMENT, REMAINING PROBLEM AREAS, AND MADE PLANS TO SOLVE THE PROBLEMS BEFORE JULY 15. JAPAN'S OFFERED AVERAGE TARIFF ON MANUFACTURED PRODUCTS WE EXPORT TO THEM IS STILL HIGHER THAN OUR OFFERED AVERAGE TARIFF ON THEIR EXPORTS OF MANUFACTURES TO US, BUT WE BELIEVE THE GAP CAN BE CLOSED BY HARD NEGOTIATIONS OVER THE NEXT FEW WEEKS. MORE IMPORTANTLY, WE NEED IMPROVED GOJ OFFERS ON SPECIFIC PRODUCT CATEGORIES, E.G., COMPUTERS. THE FOUR "POLITICAL ITEMS" BETWEEN US ARE CITRUS, BEEF, COMPUTERS, COLOR FILM AND PHOTOGRAPHIC SUPPLIES. THERE ARE NO UNSOLVABLE PROBLEMS BETWEEN US ON NON-TARIFF MEASURES. WE WANT JAPAN TO CONSIDER ITS VARIOUS EXPORT RESTRAINTS AS FALLING WITHIN THE SAFEGUARDS CODE, -- TO PREVENT JAPAN FROM UNILATERALLY RESTRAINING EXPORTS TO ONE MARKET (SUCH AS THE EC) WHICH WOULD CAUSE THEM TO FLOOD INTO ANOTHER (SUCH AS THE US).

3. ADVANCE PAYMENT FOR ENRICHMENT SERVICES (CONFIDENTIAL)

USG HAS AGREED TO CONSIDER THE QUESTION OF ADVANCE PAYMENT FOR ENRICHMENT SERVICES SEPARATELY FROM THE QUESTION OF ACTUAL PURCHASE OF URANIUM. THIS SEPARATION ALLOWS TALKS ON ADVANCE PAYMENT TO PROCEED WITHOUT FURTHER DELAY, AND

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THE GOJ HAS ACCEPTED THE DEPARTMENT'S INVITATION TO PARTICIPATE IN DISCUSSIONS WITH TREASURY AND DOE SCHEDULED FOR THE WEEK OF JUNE 26.

4. JAPAN'S ECONOMIC OUTLOOK (CONFIDENTIAL)

DAS HEGINBOTHAM MET WITH AN INTERAGENCY GROUP OF ECONOMISTS TO DISCUSS THE OUTLOOK FOR JAPAN'S GROWTH AND CURRENT ACCOUNT SURPLUS. THE PURPOSE OF THE MEETING WAS TO CLARIFY THE PROSPECTS PRIOR TO NEXT WEEK'S MEETING OF THE SUMMIT PREPARATORY GROUP. CONSENSUS WAS REACHED THAT JAPAN'S GROWTH WOULD BE IN RANGE OF 5.5 TO 6 PERCENT AND THAT THE SURPLUS WOULD BE LARGE. GIVEN THE TIME REQUIRED FOR ADJUSTMENT (US ENERGY POLICY AND ANTI-INFLATION MOVES, JAPAN'S DOMESTIC LED GROWTH AND THE IMPACT OF YEN APPRECIATION), ALL AGREED ON THE IMPORTANCE OF THE US AND GOJ WORKING TOGETHER AT THE MIDDLE AND LOWER BUREAUCRATIC LEVELS FOR SUBSTANTIAL TRADE LIBERALIZATION IN ORDER TO CREATE SOME "SUCCESS STORIES."

5. VISITORS

(A) DSP CHAIRMAN SASAKI'S VISIT HAS GONE VERY WELL. IN ADDITION TO THE MEETING WITH THE VICE PRESIDENT (WHICH YOU ATTENDED), HE HAS SEEN BOB STRAUSS, SECRETARY BLUMENTHAL, DEPUTY DEFENSE SECRETARY DUNCAN, UNDER SECRETARY NEWSOM, CONGRESSIONAL LEADERS, THE DEMOCRATIC AND REPUBLICAN NATIONAL CHAIRMAN, GEORGE MEANEY AND JULES KATZ.

(B) SOCIAL DEMOCRATIC LEAGUE CHIEF DEN WILL SEE ARMACOST/OKSENBERG AT THE NSC, PAUL WARNKE, SENATOR ROTH, UNDER SECRETARY NEWSOM, YOU, AND BG PINCKNEY AT DOD/ISA.

(C) NATIONAL DEFENSE COUNCIL CHIEF KUBO WILL BE IN NEXT WEEK. WE WILL BE ASKING YOU AND LES GELB TO SEE HIM. HE WILL ALSO HAVE APPOINTMENTS AT THE NSC AND DEFENSE. VANCE

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